

GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Industrial Promotion – Extension of special package of incentives to M/s. Krishi Fertilizers and Chemicals Pvt Ltd for their proposed Fertilizer Project (Ammonia and Urea) manufacturing plant including a Captive Power Plant of 50MW capacity at Odalarevu (V), Allavaram(M), East Godavari District with an investment of Rs.4800 Crores under Industrial Investment Promotion Policy (IIPP) 2010-15 as a Mega Project - Orders Issued.

INDUSTRIES & COMMERCE (IP) DEPARTMENT

G.O.Ms.No. 12

Dated:10 -01-2012

Read the following:

1. From the M/s. Krishi Fertilizers and Chemicals Pvt Ltd, Lr.No., dated,16.03.2011.
2. The State Investment Promotion Committee (SIPC) Meeting held on 27-12-2011.
3. The State Investment Promotion Board (SIPB) Meeting held on 31-12-2011.

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ORDER:-

M/s. Krishi Fertilizers and Chemicals Pvt Ltd in the reference 1st cited informed that the company is promoted by Sri S. Surendra, who is also the Managing Director of M/s Coastal Projects Ltd., which is a construction company engaged in development of infrastructure projects all over the country with Rs 1,465.50 Crores turnover. Sri T.Srinivasa Rao is Co-promoter of the company who is also promoter of Whitefield Paper Mills Ltd, West Godavari District. M/s. Krishi Fertilizers and Chemicals Pvt Ltd propose to Commence Trial Production in 36 months duly obtaining requisite approvals from State Government and Central Government. The company proposes to put up equity of Rs. 1200 Crores from promoters, associate, private participations / public issues and the remaining Rs. 3600 Crores will be met through loans from banks/ Financial Institutions.

2. M/s. Krishi Fertilizers and Chemicals Pvt Ltd has been registered with Registrar of Companies on 14.03.2011. As per the information provided by the company, M/s Coastal Projects Ltd., is executing Border Fencing works in eastern and western parts of India and acquired wind mill projects in the state of Tamil Nadu and executing various works in projects like coal handling plant of Damodhar Valley Corporation, Durgapur, Sleemabad Carrier Canal (Bargi right bank canal) Katni, Madhya Pradesh etc.

3. M/s. Krishi Fertilizers and Chemicals Pvt Ltd proposed to setup a Fertilizer Project (Ammonia and Urea) manufacturing plant including a Captive Power Plant of 50MW capacity at Odalarevu (V), Allavaram(M), East Godavari District with an investment of Rs.4800 Crores. The proposal is likely to create direct employment to 500 persons and indirect employment to 1000

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persons. Details of products and its capacities are indicated below.

Product	Capacity
Ammonia	2200 MTPD(726000 MT/Year)
<i>Urea</i>	3850 MTPD (1.27 Million MT/Year)
<i>Captive Power Generation</i>	2 X 25 MW

4. M/s. Krishi Fertilizers and Chemicals Pvt Ltd informed that they have identified 300 acres of private dry land unsuitable for agricultural activities in odalarevu (V), Allavaram(M), East Godavari and Terms of reference have been issued by MoEF, Government of India.

5. M/s. Krishi Fertilizers and Chemicals Pvt Ltd has requested the Government of Andhra Pradesh for the following benefits for their project.

- Waiver of Land conversion fee and also exemption from ceiling under APLR(COAH) Act 1973 and permission for putting land to industrial use.
- Waiver of Stamp Duty for registration of land.
- Allotment of 6 MGD water from main Irrigation channel at Amalapuram which directly receives water from Godavari river.
- Reimbursement/ waiver of VAT/GST for 10 years.
- Widening of existing roads from Bendamurilanka to Komaragiripatnam a distance of 5 KM and installation of regular bridge in place of wooden bridge across the small Panchanadhi, tidal train near Komagiripatnam.
- Recommending Government of India for Waiving IT, Central Excise and Service Tax for a period of 15 years.
- Extending Power Supply at an concessional rate for construction activities
- Helping in evacuation of surplus power under access system
- Allotment of 2.5 MMSCMD of Natural Gas from Government of India
- All Incentives available for Mega Projects.

6. In the reference 2nd read above, State Investment Promotion Committee (SIPC) have discussed the proposal and recommended the following incentives and to place the matter before the State Investment Promotion Board (SIPB).

- (i) To evolve a common policy with regard to waiver of land conversion fee, as many industries are requesting for the same.
- (ii) With regard to exemption from land ceiling Act, Revenue Department has been advised to look into the matter for giving exemption.
- (iii) With regard to 6 MGD water, the Irrigation Department informed that, it is not possible to provide water from the Canal and industry would be permitted to draw water from Godavari River.

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- (iv) 50% VAT & CST reimbursement for a period of 5 years.
- (v) All other incentives as per the IIPP 2010-15 Policy.
- (vi) Energy Department has agreed to consider the request of the company for evacuation of surplus power under access system as per the regulation in force.

7. In the reference 3rd read above, the State Investment Promotion Board (SIPB) in its meeting held on 31-12-2011 discussed the proposal in detail and decided to extend the following incentives.

- i. The Principal Secretary, Finance Department informed that a Committee has been constituted to examine the issue in detail and the recommendations of the Committee is in circulation to Government for approval. The Board after detailed discussions decided to expedite the proposal at the earliest levying uniform land conversion charges without any discretion taking into account the land conversion charges in other states.
- ii. With regard to 6 MGD water, the Board decided to advise the Company to draw water from Godavari River, as it is not possible to provide water from Irrigation Channel.
- iii. 50% reimbursement of Net VAT & CST for a period of 5 years.
- iv. All other incentives as per the IIPP 2010-15 Policy.
- v. Energy Department has agreed to consider the request of the company for evacuation of surplus power under access system as per the regulation in force.

8. The Government after careful examination of the proposal and keeping in view of the recommendations of the State Investment Promotion Board (SIPB), hereby extend the following incentives to M/s. Krishi Fertilizers and Chemicals Pvt Ltd, as a mega project.

- (i) 50% Reimbursement of Net VAT & CST for a period of 5 years from the date of commencement of commercial production (DCP).
- (ii) All other incentives as per IIPP 2010-15 policy.
 - (a) 100% reimbursement of Stamp duty and transfer duty paid by the industry on purchase of land meant for industrial use
 - (b) 100% reimbursement of Stamp duty on mortgages and hypothecations.
 - (c) 25% rebate in land cost limited to Rs.10.00 Lakhs in Industrial Estates/Industrial Parks.
 - (d) Fixed power cost reimbursement @ Rs.0.75 per unit (upper ceiling) on the proposed revised rates (2010-11) for 5 years from the date of commencement of commercial productions increase, decrease in power tariff, the Reimbursement will be reduced proportionately.

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- (e) 50% Reimbursement of cost involved in skill upgradation and training the local manpower limited to Rs.2000 per person.
 - (f) 25% subsidy on specific cleaner production measures limited to Rs.5.00 Lakhs.
- (iii) The company has been advised to draw 6 MGD water, from Godavari River directly instead of Irrigation Channel.
- (iv) The company has been advised to approach Energy Department for evacuation of surplus power under access system as per the regulation in force, as Energy Department has agreed to consider the request of the company.
9. The industry shall provide atleast 80% of employment to the candidates belongong to Andhra Pradesh State for becoming eligible to the above incentives.
10. The Commissioner of Industries and the VC & Managing Director, APIIC are requested to take further necessary action.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

**T.S. APPA RAO,
PRINICIPAL SECRETARY TO GOVERNMENT AND
COMMISSIONER FOR INDUSTRIAL PROMOTION**

To

The Commissioner of Industries, Andhra Pradesh, Hyderabad
The Chairman & Managing Director, APIIC, Hyderabad
M/s. Krishi Fertilizers and Chemicals Pvt Ltd through the Commissioner of Industries, A.P. Hyderabad.

The District Collector, East Godavari

Copy to

The Accountant General, Andhra Pradesh, Hyderabad
The Finance (Exp. I&C) Department. / The Energy Department.
The Irrigation & CAD (Reforms) Dept. /The Revenue (CT) Department.
The Commissioner of Commercial Taxes, Hyderabad
The Chairman & Managing Director, APTRANSCO., Hyderabad
The Managing Director, APCPDC Ltd., Hyderabad
The GM, DIC, East Godavari through the Commissioner of Industries, A.P. Hyderabad.

P.S. to Minister (Major Industries)/ P.S. to Spl. Chief Secretary, Rev. Dept./P.S. to Prl. Secy. to

Govt., Rev.(CT) Dept./P.S. to Prl. Secy. to CM/P.S. to Prl.Secy. (Irrigation) Dept./P.S. to

Spl.CS, Energy Dept./P.S. to Prl. Secy. & CIP/

P.S. to Secretary to Govt. (Legal Affairs).

SC/SF

//Forwarded::By::Order//

SECTION OFFICER